

House Engrossed Senate Bill

State of Arizona
Senate
Forty-sixth Legislature
Second Regular Session
2004

CHAPTER 176

SENATE BILL 1305

AN ACT

AMENDING SECTION 5-504, ARIZONA REVISED STATUTES; RELATING TO THE ARIZONA
STATE LOTTERY COMMISSION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 5-504, Arizona Revised Statutes, is amended to
3 read:

4 5-504. Commission; director; powers and duties; definitions

5 A. The commission shall meet with the director not less than once each
6 quarter to make recommendations and set policy, receive reports from the
7 director and transact other business properly brought before the commission.

8 B. The commission shall oversee a state lottery to produce the maximum
9 amount of net revenue consonant with the dignity of the state. To achieve
10 these ends, the commission shall authorize the director to adopt rules in
11 accordance with title 41, chapter 6. Rules adopted by the director may
12 include provisions relating to the following:

13 1. Subject to the approval of the commission, the types of lottery
14 games and the types of game play-styles to be conducted.

15 2. The method of selecting the winning tickets or shares for
16 noncomputerized on-line games, except that no method may be used which, in
17 whole or in part, depends on the results of a dog race, a horse race or any
18 sporting event.

19 3. The manner of payment of prizes to the holders of winning tickets
20 or shares including providing for payment by the purchase of annuities in the
21 case of prizes payable in installments, except that the commission staff
22 shall examine claims and may not pay any prize based on altered, stolen or
23 counterfeit tickets or based on any tickets which fail to meet established
24 validation requirements, including rules stated on the ticket or in the
25 published game rules, and confidential validation tests applied consistently
26 by the commission staff. No particular prize in a lottery game may be paid
27 more than once, and in the event of a binding determination that more than
28 one person is entitled to a particular prize, the sole remedy of the
29 claimants is the award to each of them of an equal portion of the single
30 prize.

31 4. The method to be used in selling tickets or shares, except that no
32 elected official's name may be printed on such tickets or shares. The
33 overall estimated odds of winning some prize or some cash prize, as
34 appropriate, in a given game shall be printed on each ticket or share.

35 5. The licensing of agents to sell tickets or shares, except that a
36 person under the age of eighteen shall not be licensed as an agent.

37 6. The manner and amount of compensation to be paid licensed sales
38 agents necessary to provide for the adequate availability of tickets or
39 shares to prospective buyers and for the convenience of the public, including
40 provision for variable compensation based on sales volume.

41 7. Matters necessary or desirable for the efficient and economical
42 operation and administration of the lottery and for the convenience of the
43 purchasers of tickets or shares and the holders of winning tickets or shares.

44 C. The commission shall authorize the director to issue orders and
45 shall approve orders issued by the director for the necessary operation of

1 the lottery. Orders issued under this subsection may include provisions
2 relating to the following:

3 1. The prices of tickets or shares in lottery games.

4 2. The themes, game play-styles, and names of lottery games and
5 definitions of symbols and other characters used in lottery games, except
6 that each ticket or share in a lottery game shall bear a unique
7 distinguishable serial number.

8 3. The sale of tickets or shares at a discount for promotional
9 purposes.

10 4. The prize structure of lottery games, including the number and size
11 of prizes available. Available prizes may include free tickets in lottery
12 games and merchandise prizes.

13 5. The frequency of drawings, if any, or other selections of winning
14 tickets or shares, except that:

15 (a) All drawings shall be open to the public.

16 (b) The actual selection of winning tickets or shares may not be
17 performed by an employee or member of the commission.

18 (c) Noncomputerized on-line game drawings shall be witnessed by an
19 independent observer.

20 6. Requirements for eligibility for participation in grand drawings
21 or other runoff drawings, including requirements for the submission of
22 evidence of eligibility within a shorter period than that provided for claims
23 by section 5-518.

24 7. Incentive and bonus programs designed to increase sales of lottery
25 tickets or shares and to produce the maximum amount of net revenue for this
26 state.

27 D. Notwithstanding title 41, chapter 6 and subsection B of this
28 section, the director, subject to the approval of the commission, may
29 establish a policy, procedure or practice that relates to an existing on-line
30 game or a new on-line game which is the same type and has the same type of
31 game play-style as an on-line game currently being conducted by the lottery
32 or may modify an existing rule for an existing on-line game or a new on-line
33 game which is the same type and has the same type of game play-style as an
34 on-line game currently being conducted by the lottery, including establishing
35 or modifying the matrix for an on-line game by giving notice of the
36 establishment or modification at least thirty days before the effective date
37 of the establishment or modification.

38 ~~E. Employees of the lottery, except employees who are involved in~~
39 ~~sales that require the employees to handle property that produces revenue for~~
40 ~~the lottery, are subject to title 41, chapter 4, articles 5 and 6. Employees~~
41 ~~who are involved in these sales activities are subject to personnel rules~~
42 ~~adopted by the commission. When adopting these personnel rules, the~~
43 ~~commission shall provide due process protections for the sales employees~~
44 ~~while taking into consideration the security and integrity necessary for the~~
45 ~~operation of the lottery.~~

1 ~~F.~~ E. The commission shall maintain and make the following
2 information available for public inspection at its offices during regular
3 business hours:

4 1. A detailed listing of the estimated number of prizes of each
5 particular denomination expected to be awarded in any instant game currently
6 on sale.

7 2. After the end of the claim period prescribed by section 5-518, a
8 listing of the total number of tickets or shares sold and the number of
9 prizes of each particular denomination awarded in each lottery game.

10 3. Definitions of all play symbols and other characters used in each
11 lottery game and instructions on how to play and how to win each lottery
12 game.

13 ~~G.~~ F. Any information that is maintained by the commission and that
14 would assist a person in locating or identifying a winning ticket or share
15 or that would otherwise compromise the integrity of any lottery game is
16 deemed confidential and is not subject to public inspection.

17 ~~H.~~ G. The commission shall, in addition to other games authorized by
18 this article, establish two special games for each year to be conducted
19 concurrently with other lottery games authorized under subsection B of this
20 section. The monies for prizes, for operating expenses and for payment to
21 the commerce and economic development commission fund, as provided in section
22 5-522, subsection A, paragraph 3, shall be accounted for separately as
23 nearly as practicable in the lottery commission's general accounting
24 system. The monies shall be derived from the revenues of the special games,
25 and monies for prizes do not become an expense to the lottery commission's
26 annual appropriation as provided in section 5-505, subsection D and section
27 5-522, subsection H. Monies saved from the revenues of the special games,
28 by reason of operating efficiencies, shall become other revenue of the
29 lottery commission and revert to the state general fund.

30 ~~I.~~ H. The commission may, in addition to other games authorized by
31 this article, establish multistate lottery games to be conducted concurrently
32 with other lottery games authorized under subsections B and H of this
33 section. The monies for prizes, for operating expenses and for payment to
34 the local transportation assistance fund, as provided in section 28-8101, and
35 the state general fund shall be accounted for separately as nearly as
36 practicable in the lottery commission's general accounting system. The
37 monies shall be derived from the revenues of multistate lottery games.

38 ~~J.~~ I. The commission or director shall not establish or operate any
39 on-line or electronic keno game or any game played on the internet.

40 ~~K.~~ J. The director shall print, in a prominent location on each
41 lottery ticket or share, a statement that help is available if a person has
42 a problem with gambling and a toll free telephone number where problem
43 gambling assistance is available. The director shall require all licensed
44 agents to post a sign with the statement that help is available if a person
45 has a problem with gambling and the toll free telephone number at the point

1 of sale as prescribed and supplied by the director. The requirements of this
2 subsection apply to tickets and shares printed after July 18, 2000.

3 t. K. For the purposes of this section:

4 1. "Game play-style" means the process or procedure that a player must
5 follow to determine if a lottery ticket or share is a winning ticket or
6 share.

7 2. "Matrix" means the odds of winning a prize and the prize payout
8 amounts in a given game.

APPROVED BY THE GOVERNOR APRIL 27, 2004.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 27, 2004.

Passed the House April 12, 20 04

by the following vote: 57 Ayes,

0 Nays, 3 Not Voting

Jake Elah
Speaker of the House

Norman L. Moore
Chief Clerk of the House

Passed the Senate March 4, 20 04

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

Klu Plunett
President of the Senate

Chaimin Billington
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

_____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

_____, 20____,

at _____ o'clock _____ M.

Governor of Arizona

S.B. 1305

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this _____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary of State

SENATE CONCURS IN HOUSE AMENDMENTS
AND FINAL PASSAGE

Passed the Senate April 22, 2004,

by the following vote: 28 Ayes,

1 Nays, 1 Not Voting

Klu Bennett
President of the Senate
Chasmin B. Blington
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

22nd day of April, 2004,

at 3:22 o'clock P. M.

Vernice K. Brewer
Secretary to the Governor

Approved this 27 day of

April, 2004,

at 2³⁰ o'clock P. M.

J. R. R. R.
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 27 day of April, 2004

at 4:18 o'clock P. M.

Vernice K. Brewer
Secretary of State

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